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C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 013496

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SUBJECT: AMBASSADOR DISCUSSES ASSISTANCE AND LOCAL
SELF-GOVERNANCE WITH MINISTER OF INTERNAL AFFAIRS

Classified By: Ambassador B. Lynn Pascoe, for reasons 1.4 (b, d).

¶1. (U) Summary. Ambassador Pascoe met with Indonesian Minister for Home Affairs Mohammad Ma'ruf on December 12 to discuss cooperation and assistance issues. The Ambassador congratulated the Government of Indonesia on the success of the provincial elections in Aceh, urged closer coordination to facilitate USAID assistance programs to local governments in support of political decentralization, and discussed GOI decentralization and development initiatives in Papua and Irian Jaya. End summary.

WELCOMES ACEH ELECTION

¶2. (U) Ambassador Pascoe congratulated Home Affairs Minister Ma'ruf on the successful provincial elections in Aceh on December 11. The Government of Indonesia had upheld its commitment in the Helsinki MOU and had ensured smooth elections. This was an excellent example of democracy in practice. The official team of observers deployed by the Embassy to Aceh had given the election a positive overall assessment.

¶3. (C) Ma'ruf said the principles of autonomy and decentralization, which the GOI had endorsed, required the national government to support democracy on the local level. The GOI had been particularly careful in the transition to peace and self-governance in Aceh and wanted to see it succeed. Northern Sulawesi and Papua required similar care because of their potential for conflict. The elections in Aceh, which combined gubernatorial and district administrative elections, was more efficient than separate elections and could become a model for other provinces. The GOI hoped the vote counting would occur in an orderly fashion and according to the regulations. If any candidate was dissatisfied with the process or the outcome, he should seek redress through legal means.

¶4. (C) Peace in Aceh was essential for continued recovery and economic development, the minister stated. Both the national and the provincial government had a responsibility to improve the welfare of the people of Aceh. The GOI was drafting regulations to implement the Law on the Governance of Aceh, passed in 2006, and hoped the new government in Aceh would do the same. The strengthening of political parties was important for stability in the political process, and the development of the port in Sabang and Aceh's oil and gas reserves was essential for economic growth. Ma'ruf thanked the Ambassador for the assistance rendered after the 2004 tsunami.

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U.S. ASSISTANCE TO PROVINCIAL AND LOCAL GOVERNMENTS

15. (U) The Ambassador briefly described USAID's \$60 million program to build the capacity of local governments throughout Indonesia to make them more responsive and effective and to improve the quality of public services. The program, he emphasized, had been developed through consultation with the Government of Indonesia and aimed to support the decentralization of governance and decision making which had resulted from new laws and policies since 1998. The Ambassador said the United States wanted to work closely with the Department of Home Affairs to implement the assistance program. Regular dialogue between them would ensure the program continued to support Indonesian policies and directives.

17. (C) Ma'ruf said decentralization of governance in Indonesia was an evolving process in which local governments had much to learn, and much depended upon the effective utilization of resources. He acknowledged that the iterative nature of the process could produce misunderstandings among local government employees and the public. It was therefore critical that USAID work closely with ministry staff and consult regularly on program implementation. Joint monitoring and supervision visits to local programs would facilitate successful implementation.

PAPUA

18. (C) The Ambassador said the United States would welcome improved access of foreigners to Papua, and was not convinced there were valid security grounds for restricting access. If the GOI had evidence that U.S. NGOs were encouraging separatist agitation, the Embassy would appreciate the GOI's sharing the information directly with the Embassy rather than

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making unilateral assertions in the media. The Embassy was pleased the newly elected governors in Papua were working to galvanize support for a social development agenda to address the poverty in the region. The Embassy was cooperating with the GOI to provide assistance to this important region, including treatment and prevention of HIV-Aids, malaria, tuberculosis and promotion of education and water sanitation.

As part of the USG assistance partnership with the BP Foundation, the Embassy was looking forward to extending good governance to local governments in West Irian Jaya Province.

19. (C) Ma'ruf said the Papua Autonomy Law, which had been passed in 2001, was due for review in 2006 and said the GOI had elicited input from the universities in Papua and Irian Jaya. The "New Deal" for Papua, which was currently in preparation as a Presidential instruction, was designed to make up for shortcomings in development that decentralization has not been able to remedy. Ma'ruf said he had given the President his assessment that the measure would help to achieve this goal. The severity of poverty in Papua required that the implementation of the development programs be accelerated, which would entail large budgetary outlays. Infrastructure development was important as a means of stimulating overall economic development. This acceleration could be achieved if the Papuan and Irian Jayan parliaments shared this vision. The GOI would continue to encourage the inclusion of public figures in discussions and planning. The Ministry of Human Welfare had the lead in this process, and the Ministries of Justice and Human Rights, Finance and the State Planning Body also had a major role to play. Generally, the GOI hoped to intensify cooperation with outlying provinces such as Papua and Aceh and strengthen the bonds between the center and the periphery.

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